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Canadian Institutes of Health Research | Instituts de recherche en santé du Canada

Discoveries for life / Découvertes pour la vie

Canadian Institutes of Health Research

Annual Report 2015-16

Canadian Institutes of Health Research | Instituts de recherche en santé du Canada

Canada

At the Canadian Institutes of Health Research (CIHR), we know that research has the power to change lives. As Canada's health research investment agency, we collaborate with partners and researchers to support the discoveries and innovations that improve our health and strengthen our health care system.

CANADIAN INSTITUTES OF HEALTH RESEARCH
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CANADIAN INSTITUTES OF HEALTH RESEARCH

ANNUAL REPORT 2015-16

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PRESIDENT'S MESSAGE

DR. ALAIN BEAUDET
PRESIDENT OF THE
CANADIAN INSTITUTES
OF HEALTH RESEARCH

I AM PLEASED TO PRESENT THE 2015–16 ANNUAL REPORT OF THE CANADIAN INSTITUTES OF HEALTH RESEARCH (CIHR).

Over the past year, CIHR has made investments in health research that will have a significant impact on the health of Canadians and people throughout the world. I am particularly proud of the work accomplished by CIHR to help countries in need, beginning with the response to the Ebola epidemic in West Africa.

When the Ebola outbreak occurred, CIHR and Canadian researchers were at the forefront of the international response. CIHR joined forces with the Public Health Agency of Canada and the Canadian Immunization Research Network to conduct a Phase I clinical trial of VSV-EBOV, a made-in-Canada Ebola vaccine. The results demonstrated that the vaccine was safe and those findings became a key component of the international data that would lead to the selection of VSV-EBOV for a Phase II-III trial to test its real-world efficacy. Interim results of those trials have confirmed that VSV-EBOV is highly efficacious in preventing infection, which will allow this vaccine to play a significant role in preventing future Ebola outbreaks.

This year saw the emergence of yet another virus, with Zika being declared a public health emergency by the World Health Organization. CIHR drew from its experience with Ebola to quickly mobilize action against this latest threat. In partnership with the International Development Research Centre, CIHR supported teams of researchers in Canada, Latin America, and the Caribbean to investigate how Zika

is transmitted, improve diagnostic tests, and explore Zika's links to microcephaly and Guillain-Barré syndrome.

While infectious diseases like Ebola and Zika remain a concern for many countries around the world, in Canada, one of the greatest challenges we face is an aging population that has led to a rise in chronic diseases. Through the Strategy for Patient-Oriented Research (SPOR), CIHR created pan-Canadian Networks in Chronic Disease focused on five priority areas: diabetes, childhood disabilities, kidney disease, chronic pain, and gastro-intestinal disorders. Notably, CIHR's investment of $62 million in these Networks leveraged an additional investment of $126 million from partners, including universities, hospitals, industry, health charities, and provincial agencies. This level of engagement is a clear demonstration that our partners across Canada recognize SPOR's potential for true impact in improving health and health care delivery.

Just as Canada's population is changing, so too is its workforce. Canadians are working longer, retiring later, and suffering from more chronic conditions. We are also seeing that women and men have different work and health needs due to differences in biology and social circumstances. In response, CIHR launched the Healthy and Productive Work Initiative to support the development of interventions that take into consideration sex, gender, age, and physical and mental health, with the ultimate goal of fostering a healthy and productive workforce now and in the decades to come.

Given Canada's changing demographics and the resultant increase in chronic conditions, it is vital that we harness the power of innovative new technologies to strengthen our health care system. Through the eHealth Innovation Partnership Program (eHIPP), CIHR has created a collaborative program to support the development of cost-effective and patient-centred health care innovations. Working in partnership with Canadian technology companies that are developing real-world solutions to health care challenges, eHIPP has the potential to significantly improve the quality and efficiency of health care delivery in Canada. These innovations will also strengthen Canada's competitive position in the information and communications technologies sector.

This year, CIHR also launched and successfully delivered the inaugural Foundation grants pilot, marking a major milestone in the implementation of the reforms of CIHR's open funding and peer review process. CIHR is now in the process of delivering the inaugural Project grants pilot, as well as building the College of Reviewers. As we learn from these new approaches to peer review, it is important that we ensure the buy-in from the scientific community to collectively fulfill CIHR's mandate of supporting excellence across all pillars of health research. I wish to express my thanks and gratitude to the CIHR employees and members of the research community who are helping us reach that goal.

Health research is one of the most important investments we can make as a nation to ensure a healthy and prosperous future. I invite you to read the financial details of this report to learn more about how CIHR investments are supporting improved health and health care for all Canadians.

Alain Beaudet, MD, PhD
President, CIHR

PROVIDING STEWARDSHIP AND ACCOUNTABILITY

CIHR GOVERNING COUNCIL

CIHR reports to Parliament through the Minister of Health. Its Governing Council comprises up to 18 Canadians who have been appointed by Order in Council to renewable three-year terms. Council members represent a wide range of backgrounds and disciplines, reflecting CIHR's broad mandate and vision.

DR. ALAIN BEAUDET
(Chair)
President
Canadian Institutes
of Health Research

MAJOR-GENERAL JEAN-ROBERT BERNIER
(since June 18, 2015)
Major-General
Chairman, Committee of the
Chiefs of Military Medical Services
North Atlantic Treaty Organization

DR. NADINE CARON
Assistant Professor
Northern Medical Program
University of British Columbia

MS. MAURA DAVIES
President and Principal Consultant
Maura Davies Healthcare
Consulting Inc.

MS. DEBBIE FISCHER
(since June 18, 2015)
Executive in Residence
Rotman School of Business, Health
Care Strategy Centre

MS. MICHÈLE FORTIN
Former President and CEO
Télé-Québec
Montreal, Quebec

DR. PAUL E. GARFINKEL
Staff Psychiatrist
Centre for Addiction
and Mental Health
Professor, Department
of Psychiatry
University of Toronto

DR. LAWRENCE JARDINE
Head, Section of Pediatric
Hematology and Oncology,
Children's Hospital
Associate Professor (Pediatrics)
Schulich School of Medicine and
Dentistry
Western University

MR. SIMON KENNEDY
(since January 21, 2015)
(Ex Officio, Non-Voting)
Deputy Minister
Health Canada

DR. TERRY KLASSEN
(until May 30, 2015)
CEO and Scientific Director
Children's Hospital Research
Institute of Manitoba
Head, Department of Pediatrics
College of Medicine
Faculty of Health Sciences
University of Manitoba

DR. PAUL KUBES
(until May 2, 2015)
Professor and Director
Snyder Institute for Chronic
Diseases
Faculty of Medicine
University of Calgary

DR. AMY ORNSTEIN
Pediatrician and Medical Director
IWK Health Centre Child
Protection Team
Division Head of General
Pediatrics
Dalhousie University

MS. CHRIS POWER
CEO
Canadian Patient Safety Institute

DR. TERRANCE P. SNUTCH
Professor and Canada
Research Chair
Michael Smith Laboratories
Departments of Psychiatry
and Zoology and
Brain Research Centre
University of British Columbia

MS. LORI TURIK
Executive Director
World Health Innovation Network
(WIN)

DR. LORI WEST
Professor of Pediatrics, Surgery
and Immunology
University of Alberta
Director, Alberta Transplant
Institute

THE HONOURABLE
MICHAEL H. WILSON
(Vice-Chair)
Chairman
Barclays Capital Canada Inc.
Toronto, Ontario

DR. TERRY-LYNN YOUNG
Professor, Faculty of Medicine
Memorial University of
Newfoundland

CIHR INSTITUTES

CIHR is composed of 13 innovative Institutes. Each Institute is headed by a Scientific Director who is a leader in his or her field. These Institutes bring together all partners in the research process – those who fund research, those who carry it out and those who use its results – to share ideas and focus on what Canadians need: good health and the means to prevent and fight diseases.

CIHR INSTITUTE OF ABORIGINAL PEOPLES' HEALTH (CIHR–IAPH)

DR. MALCOLM KING SIMON FRASER UNIVERSITY

The CIHR Institute of Aboriginal Peoples' Health (CIHR-IAPH) invests in research to improve and promote the health of First Nations, Inuit and Métis peoples in Canada. The Institute's pursuit of research excellence is enhanced by respect for community research priorities and Indigenous knowledge, values and cultures.

CIHR INSTITUTE OF AGING (CIHR–IA)

DR. YVES JOANETTE UNIVERSITY OF MONTREAL

The CIHR Institute of Aging (CIHR-IA) invests in research that promotes an optimal life-long approach to healthy aging, and improves the health and wellness of Canada's aging population. By supporting advances in prevention, diagnosis, treatment, care delivery, and social determinants of health, IA seeks to improve the health and quality of life of Canadians in their later years.

CIHR INSTITUTE OF CANCER RESEARCH (CIHR–ICR)

DR. STEPHEN ROBBINS UNIVERSITY OF CALGARY

The CIHR Institute of Cancer Research (CIHR-ICR) invests in research in all areas of cancer control. ICR helps reduce the burden of cancer on individuals and families through research on prevention strategies, screening, early diagnosis, effective treatments, psycho-social support systems, and palliation.

CIHR INSTITUTE OF CIRCULATORY AND RESPIRATORY HEALTH (CIHR–ICRH)

DR. BRIAN ROWE (SINCE JANUARY 1, 2016)
UNIVERSITY OF ALBERTA

DR. JEAN L. ROULEAU (UNTIL NOVEMBER 30, 2015)
UNIVERSITY OF MONTREAL

The CIHR Institute of Circulatory and Respiratory Health (CIHR-ICRH) invests in research on conditions associated with the heart, lungs, brain (stroke), critical care, blood, blood vessels, and sleep. By supporting advances in biological sciences, diagnosis, treatment, and prevention, ICRH seeks to protect and improve the health of all Canadians.

CIHR INSTITUTE OF GENDER AND HEALTH (CIHR–IGH)

DR. CARA TANNENBAUM UNIVERSITY OF MONTREAL

The CIHR Institute of Gender and Health (CIHR-IGH) invests in research that examines the influence of sex and gender on health. IGH also works to ensure this research evidence supports the development of policies and programs that address pressing health challenges facing men, women, boys, girls, and gender-diverse people.

CIHR INSTITUTE OF GENETICS (CIHR–IG)

DR. PAUL LASKO MCGILL UNIVERSITY

The CIHR Institute of Genetics (CIHR-IG) invests in research on cell biology, biochemistry, human genetics and genomics, and the impact of related scientific advances on society. Genetic research touches all areas of health, allowing IG to strengthen health care policies and practices, and improve the health of all Canadians.

CIHR INSTITUTE OF HEALTH SERVICES AND POLICY RESEARCH (CIHR–IHSPR)

DR. ROBYN TAMBLYN MCGILL UNIVERSITY

The CIHR Institute of Health Services and Policy Research (CIHR-IHSPR) invests in research that will strengthen Canada's health care system. By promoting evidence-based best practices, IHSPR seeks to improve the way health care services are managed and delivered, to maximize benefits for patients.

CIHR INSTITUTE OF HUMAN DEVELOPMENT, CHILD AND YOUTH HEALTH (CIHR–IHDCYH)

DR. SHOO LEE UNIVERSITY OF TORONTO

The CIHR Institute of Human Development, Child and Youth Health (CIHR-IHDCYH) invests in research that promotes the best health for all Canadians, from the very start of life. By supporting research to improve reproductive, child, and youth health outcomes, IHDCYH helps young Canadians and families achieve their full potential for ideal growth and development.

CIHR INSTITUTE OF INFECTION AND IMMUNITY (CIHR–III)

DR. MARC OUELLETTE LAVAL UNIVERSITY

The CIHR Institute of Infection and Immunity (CIHR-III) invests in research on infectious diseases and the body's immune system. Through this research, III addresses a wide range of health concerns related to infection and immunity, including disease prevention and treatment, as well as public health promotion.

CIHR INSTITUTE OF MUSCULOSKELETAL HEALTH AND ARTHRITIS (CIHR–IMHA)

DR. HANI EL-GABALAWY UNIVERSITY OF MANITOBA

The CIHR Institute of Musculoskeletal Health and Arthritis (CIHR-IMHA) invests in research related to bones, joints, muscles, skin, and teeth. By supporting advances in prevention, diagnosis, and treatment, IMHA seeks to promote active living, preserve mobility, and improve oral health for Canadians.

CIHR INSTITUTE OF NEUROSCIENCES, MENTAL HEALTH AND ADDICTION (CIHR–INMHA)

DR. ANTHONY PHILLIPS UNIVERSITY OF BRITISH COLUMBIA

The CIHR Institute of Neurosciences, Mental Health and Addiction (CIHR-INMHA) invests in fundamental and clinical research on the brain and spinal cord to enhance the understanding of cognitive, emotional and sensorimotor functions. Advances in these areas will ensure a brighter future for Canadians living with neurological and mental health conditions.

CIHR INSTITUTE OF NUTRITION, METABOLISM AND DIABETES (CIHR–INMD)

DR. PHILIP SHERMAN UNIVERSITY OF TORONTO

The CIHR Institute of Nutrition, Metabolism and Diabetes (CIHR-INMD) invests in research on diet, digestion, and metabolism. By addressing the causes, diagnosis, treatment, and prevention of a wide range of conditions and problems associated with hormones, the digestive system, kidneys, and liver function, INMD seeks to improve health for all Canadians.

CIHR INSTITUTE OF POPULATION AND PUBLIC HEALTH (CIHR–IPPH)

DR. NANCY EDWARDS UNIVERSITY OF OTTAWA

The CIHR Institute of Population and Public Health (CIHR-IPPH invests in research to examine how biological, social, and environmental factors and policies affect health. IPPH applies this knowledge to improve health and health equity for all Canadians.

CIHR EXECUTIVE MANAGEMENT TEAM

CIHR's Executive Management Team provides leadership and decision making for strategic, corporate policy and management areas that support and contribute to the strategic directions set out by the Governing Council.

DR. ALAIN BEAUDET
PRESIDENT

DR. JANE E. AUBIN
CHIEF SCIENTIFIC OFFICER
VICE-PRESIDENT, RESEARCH, KNOWLEDGE TRANSLATION AND ETHICS

MS. THÉRÈSE ROY
CHIEF FINANCIAL OFFICER
VICE-PRESIDENT, RESOURCE PLANNING AND MANAGEMENT

MR. MICHEL PERRON
VICE-PRESIDENT, EXTERNAL AFFAIRS AND BUSINESS DEVELOPMENT

DR. KELLY VANKOUGHNET
ASSOCIATE VICE-PRESIDENT, RESEARCH, KNOWLEDGE TRANSLATION AND ETHICS

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The following Financial Statement Discussion and Analysis (FSD&A) should be read in conjunction with the Canadian Institutes of Health Research (CIHR) audited financial statements and accompanying notes for the year ended March 31, 2016.

The responsibility for the integrity and objectivity of the FSD&A rests with the management of CIHR. The purpose of the FSD&A is to highlight information and provide explanations to enhance the user's understanding of CIHR's financial position and results of operations, while demonstrating CIHR's accountability for its resources. Additional information on CIHR's performance is available in the CIHR Departmental Performance Report (DPR), and information on its plans and priorities is available in the CIHR Report on Plans and Priorities (RPP).

OVERVIEW

The Canadian Institutes of Health Research was established in June 2000 under the *Canadian Institutes of Health Research Act*. It is listed in Schedule II to the *Financial Administration Act* as a departmental corporation. CIHR's objective is to excel, according to international standards of scientific excellence, in the creation of new knowledge, and its translation into improved health, more effective health services and products, and a strengthened Canadian health care system.

CIHR's budget is allocated through authorities approved by Parliament. CIHR has separate voted authorities for operating expenditures and for grants. Authorities provided to CIHR by Parliament do not parallel financial reporting according to Canadian public sector accounting standards, since authorities are primarily based on cash accounting principles. Consequently, items recognized in the Statement of Financial Position, the Statement of Operations and Departmental Net Financial Position, the Statement of Change in Departmental Net Debt and the Statement of Cash Flows are not necessarily the same as those provided through authorities from Parliament. Note 3 of the Financial Statements provides statement users with a reconciliation between the two bases of reporting.

HIGHLIGHTS

As evidenced below, CIHR's financial results in 2015-16 are consistent with those of the preceding fiscal year.

1. STATEMENT OF FINANCIAL POSITION

CONDENSED STATEMENT OF FINANCIAL POSITION (IN MILLIONS OF DOLLARS)			
AS AT MARCH 31	**% CHANGE**	**2016**	**2015**
Total liabilities	(6.7%)	$ 14.0	$ 15.0
Total financial and non-financial assets	(10.6%)	$ 11.8	$ 13.2

The slight decrease in total liabilities is primarily due to a decrease in deferred revenue, as external partner contributions were approximately $0.8 million lower than the previous year.

The decrease in total financial and non-financial assets is primarily the result of a decrease in financial assets of $1.1 million due to a decrease in the Due from the Consolidated Revenue Fund (CRF). This occurred because of the overall decrease in liabilities as noted above. The amount due from the CRF represents the net amount of cash that CIHR is entitled to draw from the CRF without further authorities to discharge its liabilities.

2. STATEMENT OF OPERATIONS AND DEPARTMENTAL NET FINANCIAL POSITION

CONDENSED STATEMENT OF OPERATIONS AND DEPARTMENTAL NET FINANCIAL POSITION (IN MILLIONS OF DOLLARS)

FOR THE YEAR ENDED MARCH 31	% CHANGE	2016	2015
Total expenses	1.0%	$ 1,037.8	$ 1,027.7
Net cost of operations before government funding and transfers	1.0%	$ 1,030.0	$ 1,020.1

The increase in both Total expenses (1.0%) and in Net cost of operations before government funding and transfers (1.0%) is attributable to increased Parliamentary authorities provided to CIHR by the Government of Canada of $10.5 million (1.0%) as compared to the prior fiscal year.

3. RISK ANALYSIS

In 2015-16, CIHR identified eight risks, of which three are considered high risks that required mitigation and monitoring by the executive management level to ensure the associated risk response strategies reduce the risk's impact. The three higher risks are outlined below along with the associated Risk Mitigation Strategy, which can also be found in CIHR's 2015-16 Corporate Risk Profile (CRP).

KEY RISKS

RISK 1 – EXTERNAL STAKEHOLDER RELATIONSHIP MANAGEMENT

CIHR is currently enhancing its ability to partner and collaborate, given that CIHR's current approach is ad hoc, and there is a risk that strategic opportunities to engage stakeholders and increase the funding envelope for health research may be missed.

RISK MITIGATION STRATEGY

External Stakeholder Relationship Management was identified in both the 2015-16 Report on Plans and Priorities (RPP) and the 2015-16 Corporate Risk Profile (CRP). CIHR responded to this risk by:

- Developing an inclusive Partner and Stakeholder Engagement Strategy with the implementation and associated work scheduled to continue into the 2016-17 fiscal year.

Additionally, the following mitigation strategies, which were not included in the 2015-16 RPP, were also implemented:

- Prioritizing the work and supporting the implementation of specific Stakeholder Engagement approaches aimed at specific audiences.
- Developing a Partnership Risk-Based Analysis Approach for all partnerships which will be implemented in 2016-17.

RISK 2 – CHANGE MANAGEMENT

Given recent multiple changes occurring simultaneously at CIHR, there is a risk that desired outcomes will be misunderstood by CIHR's workforce, thus leading to disengagement and limiting the ability to enact the desired transformations.

RISK MITIGATION STRATEGY

Change Management was identified in both the 2015-16 Report on Plans and Priorities (RPP) and the 2015-16 Corporate Risk Profile (CRP). CIHR responded to this risk by:

- Developing and integrated Change Management Plan addressing all transformations.

Additionally, the following mitigation strategies, which were not included in the 2015-16 RPP, were also implemented:

- CIHR continued to enhance and adapt its existing integrated Change Management Plan for its major open reforms transformation. Specifically, CIHR used this plan to address the additional transformations, to enhance the Agency's ability to promote open, transparent and consistent communications.
- A cross-functional team was created to ensure the implementation of the final organization structure by March 31, 2016. This team developed and implemented regular reporting on the progress of the restructuring. This was completed by February 16, 2016, almost two months early.

RISK 3 – PRIORITY SETTING AND ALIGNMENT OF RESOURCES

Given the current availability of uncommitted resources – both Grants and Awards and Operations funding – there is a risk that CIHR's ability to remain responsive and adaptable within a rapidly changing health research environment will be limited. As a result, CIHR would have reduced operational capacity to effectively invest in new high-impact priority health research.

RISK MITIGATION STRATEGY

Priority Setting and Alignment of Resources was identified in both the 2015-16 Report on Plans and Priorities (RPP) and the 2015-16 Corporate Risk Profile (CRP). CIHR responded to this risk by:

- Launching its strategic plan called Health Research Roadmap II; this plan provides a framework for operational and strategic planning, priority setting and decision making. Additionally, a financial framework was developed and implemented to accompany Roadmap II. This framework ensures that the implementation of CIHR's planning and priority setting exercise is comprehensive and enhances transparency, sustainability and flexibility.

Additionally, the following mitigation strategies, which were not included in the 2015-16 RPP, were also implemented:

- The decision-making process to allocate G&A funding to initiatives was revised.
- A 3-year operational planning exercise which aligns both the financial and human resources to CIHR's Strategic and Corporate Priorities and Corporate Risk Profile was completed.

4. VARIANCE ANALYSIS

4.1. VARIANCES BETWEEN CURRENT YEAR ACTUAL RESULTS AND BUDGET

As noted earlier, CIHR is financed by the Government of Canada through Parliamentary authorities. In 2015-16, CIHR's Parliamentary authorities increased by $19.9 million throughout the year via Supplementary Estimates and other adjustments, as follows:

2015–16 MAIN ESTIMATES (IN MILLIONS OF DOLLARS)	$ 1,008.6
Canada First Research Excellence Fund (CFREF)	16.3
Centres of Excellence for Commercialization and Research	0.3
Net transfers from other government departments	2.4
Salary cost reimbursements from Treasury Board	0.7
2014-15 Carry-forward	0.2
Total increase in Parliamentary authorities	**19.9**
2015-16 Year-end Parliamentary authorities	**$ 1,028.5**

CIHR's 2015-16 year-end Parliamentary authorities of $1,028.5 million represent an increase of $10.5 million (or 1.0%) as compared to CIHR's year-end authorities in 2014-15 ($1,018.0 million). This increase is the key factor to note when comparing current year and prior year results for CIHR.

4.2. VARIANCES BETWEEN CURRENT YEAR ACTUAL RESULTS AND PRIOR YEAR ACTUAL RESULTS

SEE NOTE 13 (SEGMENTED INFORMATION) OF AUDITED FINANCIAL STATEMENTS (IN MILLIONS OF DOLLARS)

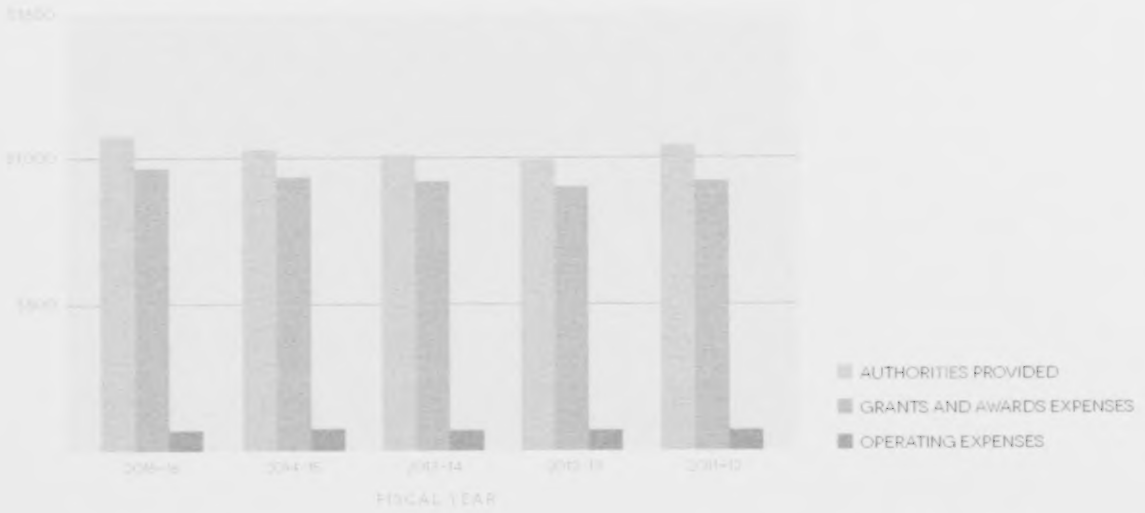
FOR THE YEAR ENDED MARCH 31	% CHANGE	2016	2015
Grants and awards	1.4%	$ 980.6	$ 967.5
Total operating expenses	(2.3%)	$ 60.8	$ 62.2

Grants and awards expenses increased by 1.4% (or $13.1 million) in 2015-16 due to increased Parliamentary appropriations being apportioned to CIHR for grants (as outlined in section 4.1). Total operating expenses were slightly lower than the previous year due to a reduction in professional services used during 2016.

5. TREND ANALYSIS

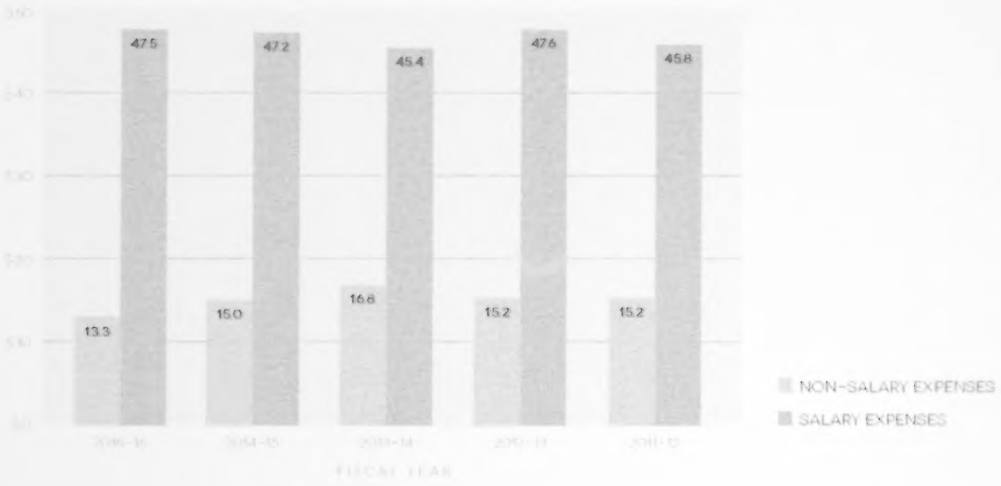
5.1. GRANTS AND AWARDS (G&A)

CIHR OPERATIONS AND G&A EXPENSES (IN MILLIONS OF DOLLARS)



As evidenced by the above chart, grants and awards expenses increase or decrease on a yearly basis in relative proportion to changes in the Parliamentary authorities provided to CIHR by the Government of Canada.

5.2. **OPERATING EXPENSES** (IN MILLIONS OF DOLLARS)



- Salary and employee benefit expenses increased by $0.3 million (or 0.6%) in 2015-16.
- In 2015-16, salaries and employee benefits made up 78.1% of total operating expenses as compared to 76.0% in the prior year.
- Total operating expenses incurred were equivalent to those incurred in 2014-15.
- The ratio of operating expenses to total expenses was 5.9% in 2015-16 as compared to 6.0% in 2014-15.

FINANCIAL OUTLOOK — 2016-17

The Government continues to recognize that the creation of knowledge and the development of highly qualified people are vital for Canada's prosperity in the global economy. As was noted last year, Budget 2015 allocated $13.7 million per year to CIHR (starting in 2016-17) targeting the Strategy for Patient-Oriented Research and the anti-microbial resistant infections initiatives, with an additional $1.3 million to its operating fund. As funding has previously been approved, it is anticipated that these funds will be received via the 2016-17 Supplementary Estimates A process.

In recognizing the key role of investigator-led discovery research, Budget 2016 allocated an additional $30 million per year to CIHR (starting in 2016-17). It is anticipated that CIHR will allocate $28.2 million of the new grant funding to its Investigator-Initiated Health Research Program, with the remaining $1.8 million to its operating fund to effectively deliver and monitor investigator-initiated research, with a focus on early career investigators. CIHR is currently in the process of seeking Treasury Board approval to access these funds in 2016-17.

It is expected that CIHR's total budget will continue to exceed $1 billion in 2016-17 and be consistent with budgetary levels from 2015-16.

AUDITORS' REPORT AND FINANCIAL STATEMENTS

CANADIAN INSTITUTES OF HEALTH RESEARCH

STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2016, and all information contained in these statements rests with the management of the Canadian Institutes of Health Research (CIHR). These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of CIHR's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in CIHR's *Departmental Performance Report*, will be consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout CIHR; and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

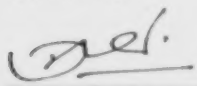
The system of ICFR is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess the effectiveness of associated key controls, and to make any necessary adjustments.

A risk-based assessment of the system of ICFR for the year ended March 31, 2016 was completed in accordance with the Treasury Board *Policy on Internal Control* and the results and action plans are summarized in the annex.[1]

The effectiveness and adequacy of CIHR's system of internal control is reviewed by the work of internal audit staff under the auspices of the Chief Audit Executive, who conducts periodic assessments of different areas of CIHR's operations, and reviewed by CIHR's Audit Committee, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting, and which recommends the financial statements to the President of CIHR and its Governing Council.

Ernst & Young LLP, the independent auditor for CIHR, has expressed an opinion on the fair presentation of the financial statements of CIHR which does not include an audit opinion on the annual assessment of the effectiveness of CIHR's internal controls over financial reporting.

Approved by:



Alain Beaudet, MD, PhD
President

Thérèse Roy, CPA, CA (Quebec)
Chief Financial Officer
Vice-President, Resource Planning and Management

Ottawa, Canada
June 22, 2016

1 Summary of the Assessment of Effectiveness of the Systems of Internal Control over Financial Reporting and the Action Plan of the Canadian Institutes of Health Research for the Fiscal Year 2015-16 (Unaudited).

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INDEPENDENT AUDITORS' REPORT

TO THE FINANCE AND AUDIT COMMITTEE OF THE GOVERNING COUNCIL CANADIAN INSTITUTES OF HEALTH RESEARCH

We have audited the accompanying financial statements of the **Canadian Institutes of Health Research**, which comprise the statement of financial position as at March 31, 2016, and the statements of operations and departmental net financial position, of change in departmental net debt and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Canadian Institutes of Health Research** as at March 31, 2016, and the results of its operations, changes in net debt, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Canada,
June 22, 2016

CANADIAN INSTITUTES OF HEALTH RESEARCH

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

(IN THOUSANDS OF DOLLARS)	2016	2015
LIABILITIES		
Accounts payable and accrued liabilities (note 4)	$ 5,151	$ 5,147
Vacation pay and compensatory leave	2,549	2,086
Deferred revenue (note 5)	5,276	6,520
Employee future benefits (note 6)	1,073	1,264
TOTAL LIABILITIES	**14,049**	**15,017**
FINANCIAL ASSETS		
Due from the Consolidated Revenue Fund	10,423	11,667
Accounts receivable and advances (note 7)	622	463
TOTAL FINANCIAL ASSETS	**11,045**	**12,130**
DEPARTMENTAL NET DEBT	**3,004**	**2,887**
NON-FINANCIAL ASSETS		
Prepaid expenses	414	487
Tangible capital assets (note 8)	359	552
TOTAL NON-FINANCIAL ASSETS	**773**	**1,039**
DEPARTMENTAL NET FINANCIAL POSITION	**$ (2,231)**	**$ (1,848)**

Contractual obligations (note 9)
Contingent liabilities (note 10)

The accompanying notes form an integral part of these financial statements.

Approved by:

Alain Beaudet, MD, PhD
President

Ottawa, Canada
June 22, 2016

Thérèse Roy, CPA, CA (Quebec)
Chief Financial Officer
Vice-President, Resource Planning and Management

STATEMENT OF OPERATIONS AND DEPARTMENTAL NET FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31

(IN THOUSANDS OF DOLLARS)	2016 PLANNED RESULTS (NOTE 7)	2016	2015
EXPENSES			
Investigator-Initiated Health Research	$ 703,757	$ 705,610	$ 716,608
Priority-Driven Health Research	307,855	318,594	297,058
Internal Services	13,702	13,615	14,051
TOTAL EXPENSES	**1,025,314**	**1,037,819**	**1,027,717**
REVENUES			
Investigator-Initiated Health Research	189	212	356
Priority-Driven Health Research	12,411	7,594	7,262
TOTAL REVENUES	**12,600**	**7,806**	**7,618**
NET COST OF OPERATIONS BEFORE GOVERNMENT FUNDING AND TRANSFERS	**1,012,714**	**1,030,013**	**1,020,099**
GOVERNMENT FUNDING AND TRANSFERS			
Net cash provided by Government		1,023,981	1,014,350
Change in Due from the Consolidated Revenue Fund		(1,244)	810
Services provided without charge by other government departments (note 11)		6,893	6,670
Transfer of the transition payments for implementing salary payments in arrears (note 12)			(1,376)
NET COST OF OPERATIONS AFTER GOVERNMENT FUNDING AND TRANSFERS		**383**	**(355)**
DEPARTMENTAL NET FINANCIAL POSITION – BEGINNING OF YEAR		**(1,848)**	**(2,203)**
DEPARTMENTAL NET FINANCIAL POSITION – END OF YEAR		**$ (2,231)**	**$ (1,848)**

Segmented information (note 13)

The accompanying notes form an integral part of these financial statements.

CANADIAN INSTITUTES OF HEALTH RESEARCH

STATEMENT OF CHANGE IN DEPARTMENTAL NET DEBT

FOR THE YEAR ENDED MARCH 31

(IN THOUSANDS OF DOLLARS)	2016	2015
NET COST OF OPERATIONS AFTER GOVERNMENT FUNDING AND TRANSFERS	$ 383	$ (355)
CHANGE DUE TO TANGIBLE CAPITAL ASSETS		
Acquisition of tangible capital assets	18	214
Amortization of tangible capital assets	(211)	(218)
Loss on disposal of capital assets	–	(13)
TOTAL CHANGE DUE TO TANGIBLE CAPITAL ASSETS	(193)	(17)
CHANGE DUE TO PREPAID EXPENSES	(73)	60
NET INCREASE (DECREASE) IN DEPARTMENTAL NET DEBT	117	(312)
DEPARTMENTAL NET DEBT – BEGINNING OF YEAR	2,887	3,199
DEPARTMENTAL NET DEBT – END OF YEAR	$ 3,004	$ 2,887

The accompanying notes form an integral part of these financial statements.

CANADIAN INSTITUTES OF HEALTH RESEARCH

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31

(IN THOUSANDS OF DOLLARS)	2016	2015
OPERATING ACTIVITIES		
Net cost of operations before government funding and transfers	$ 1,030,013	$ 1,020,099
Non-cash items:		
Amortization of tangible capital assets	(211)	(218)
Services provided without charge by other government departments (note 11)	(6,893)	(6,670)
Transition payments for implementing salary payments in arrears (note 12)	–	1,376
Loss on disposal of capital assets	–	(13)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	159	124
Increase (decrease) in prepaid expenses	(73)	60
(Increase) decrease in accounts payable and accrued liabilities	(4)	(1,042)
(Increase) decrease in vacation pay and compensatory leave	(463)	(86)
Decrease (increase) in deferred revenue	1,244	240
Decrease in future employee benefits	191	266
CASH USED IN OPERATING ACTIVITIES	**1,023,963**	**1,014,136**
CAPITAL ACTIVITIES		
Acquisitions of tangible capital assets	18	214
CASH USED IN CAPITAL ACTIVITIES	**18**	**214**
NET CASH PROVIDED BY GOVERNMENT OF CANADA	**$ 1,023,981**	**$ 1,014,350**

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

1. AUTHORITY AND OBJECTIVES

The Canadian Institutes of Health Research (CIHR) was established in June 2000 under the *Canadian Institutes of Health Research Act*, replacing the former Medical Research Council of Canada. It is listed in Schedule II to the *Financial Administration Act* as a departmental corporation.

CIHR's objective is to excel, according to international standards of scientific excellence, in the creation of new knowledge, and its translation into improved health, more effective health services and products, and a strengthened Canadian health care system. CIHR's strategic outcome is as follows: Canada is a world leader in the creation, dissemination and application of health research knowledge. The strategic outcome is achieved based on two programs. The first program is Investigator-Initiated Health Research, to develop and support a well-trained base of world-class health researchers and trainees conducting research across all aspects of health, including biomedical research, clinical research, research respecting health systems, health services, the health of populations, societal and cultural dimensions of health and environmental influences on health, and other research as required. The goal of the Investigator-Initiated Health Research program is to advance health knowledge and to apply this knowledge in order to improve health systems and/or health outcomes. The second program is Priority-Driven Health Research, which provides funding to researchers for emergent and targeted research that responds to the changing health needs and priorities of Canadians across all aspects of health, including biomedical research, clinical research, research respecting health systems, health services, the health of populations, societal and cultural dimensions of health and environmental influences on health, and other research as required. The goal of the Priority-Driven Health Research program is to advance health knowledge and its application in specific areas of research identified by CIHR in consultation with other government departments, partners and stakeholders, in order to improve health systems and/or health outcomes in these priority areas.

CIHR is led by a President who is the Chairperson of a Governing Council of not more than eighteen members appointed by the Governor in Council. The Governing Council sets overall strategic direction, goals and policies and oversees programming, resource allocation, ethics, finances, planning and accountability.

CIHR has thirteen Institutes that focus on identifying the research needs and priorities for specific health areas, or for specific populations, then developing strategic initiatives to address those needs. Each Institute is led by a Scientific Director who is guided by an Institute Advisory Board, which strives to include representation of the public, researcher communities, research funders, health professionals, health policy specialists and other users of research results.

CIHR's grants, awards and operating expenditures are funded by budgetary authorities. Employee benefits are funded by statutory authorities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(A) PARLIAMENTARY AUTHORITIES – CIHR is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to CIHR does not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between

the bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Position are the amounts reported in the future-oriented Statement of Operations (unaudited) included in the 2015-16 Report on Plans and Priorities. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2015-16 Report on Plans and Priorities.

(B) NET CASH PROVIDED BY GOVERNMENT – CIHR operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by CIHR is deposited to the CRF and all cash disbursements made by CIHR are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

(C) AMOUNTS DUE FROM THE CRF are the result of timing differences at year end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that CIHR is entitled to draw from the CRF without further authorities to discharge its liabilities.

(D) REVENUES

- Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. These revenues are recognized in the period in which the related expenses are incurred.
- Funds that have been received are recorded as deferred revenue, provided CIHR has an obligation to other parties for the provision of goods, services, or the use of assets in the future.
- Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

(E) EXPENSES – EXPENSES ARE RECORDED ON THE ACCRUAL BASIS:

- Grants and awards (transfer payments) are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or the entitlements established for the transfer payment program. In situations where payments do not form part of an existing program, transfer payments are recorded as expenses when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.
- Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation and employer contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

(F) REFUNDS OF PREVIOUS YEARS' EXPENSES – These amounts include the return of grants and awards funds to CIHR in the current fiscal year for expenses incurred in previous fiscal years due to cancellations, refunds of previous years' expenses related to goods or services, and adjustments of previous years' accounts payable. These refunds and adjustments are presented against the related expenses in the financial statements but are recorded as revenue in accordance with accounting policies and therefore are excluded when determining current year authorities used.

(G) EMPLOYEE FUTURE BENEFITS

- Pension benefits: Eligible employees participate in the Public Service Pension Plan (the Plan), a multiemployer defined benefit pension plan administered by the Government. CIHR's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. CIHR's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.
- Severance benefits – CIHR executives and non-represented employees: Prior to October 2, 2011, CIHR executives and non-represented employees were entitled to severance benefits under labour contracts or conditions of employment for voluntary and involuntary departures. These benefits were accrued as employees rendered the services necessary to earn them. Effective October 2, 2011, CIHR non-represented employees and executives were no longer eligible to accrue severance benefits for voluntary departures (e.g. resignation and retirement). Employees were provided with three options in relation to the severance termination provisions, such as the immediate payout of the accumulated weeks of severance at their current rate of pay, retain the accumulated weeks of severance with a payout upon termination of employment with CIHR or retirement at their exit rate of pay, or a combination thereof. These changes have been reflected in the calculation of the outstanding severance benefit obligation. Severance benefits continue to accrue for involuntary departures, however, benefits payable would be reduced by the severance termination option exercised for service up to and including October 1, 2011, should an involuntary departure occur.

(H) ACCOUNTS RECEIVABLE AND ADVANCES are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for receivables and advances where recovery is considered uncertain.

(I) CONTINGENT LIABILITIES – Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(J) TANGIBLE CAPITAL ASSETS – All tangible capital assets having an individual initial cost of $5,000 or more are recorded at their acquisition cost.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the capital asset as follows:

ASSET CLASS	AMORTIZATION PERIOD
Informatics hardware	3–5 years
Informatics software	3–10 years
Office equipment	10 years
Vehicles	5 years

Assets under construction are recorded in the applicable capital asset class in the year they become available for use and are not amortized until they become available for use.

(K) MEASUREMENT UNCERTAINTY – The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee future benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. PARLIAMENTARY AUTHORITIES

CIHR receives most of its funding through annual Parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, CIHR has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables.

(A) RECONCILIATION OF NET COST OF OPERATIONS TO CURRENT YEAR AUTHORITIES USED

(IN THOUSANDS OF DOLLARS)	2016	2015
NET COST OF OPERATIONS BEFORE GOVERNMENT FUNDING AND TRANSFERS	**$ 1,030,013**	**$ 1,020,099**
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(211)	(218)
Services provided without charge by other government departments	(6,893)	(6,670)
(Increase) decrease in vacation pay and compensatory leave	(463)	(86)
Decrease in employee future benefits	191	266
Refunds of previous years' grants and awards	3,612	1,897
Bad debt expense	(31)	(22)
Loss on disposal of capital assets	–	(13)
Other adjustments	216	376
	(3,579)	(4,470)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	18	214
Transition payments for implementing salary payments in arrears	–	1,376
Increase (decrease) in prepaid expenses	(73)	60
	(55)	1,650
CURRENT YEAR AUTHORITIES USED	**$ 1,026,379**	**$ 1,017,279**

(B) AUTHORITIES PROVIDED AND USED

(IN THOUSANDS OF DOLLARS)	2016	2015
Authorities provided:		
Vote 1 – Operating expenditures	$ 49,399	$ 51,991
Vote 5 – Grants	973,306	960,201
Statutory amounts	5,566	5,843
Less:		
Authorities available for future years	(1,409)	(400)
Lapsed: Grants	(483)	(356)
CURRENT YEAR AUTHORITIES USED	**$ 1,026,379**	**$ 1,017,279**

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following table presents details of CIHR's accounts payable and accrued liabilities:

(IN THOUSANDS OF DOLLARS)	2016	2015
Accounts payable – Other government departments and agencies	$ 124	$ 427
Accounts payable – External parties	559	1,356
Total accounts payable	683	1,783
Accrued liabilities	4,468	3,364
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	**$ 5,151**	**$ 5,147**

5. DEFERRED REVENUE

Deferred revenue represents the balance at year-end of unearned revenues stemming from amounts received from external parties that are restricted in order to fund the expenditures related to specific research projects and stemming from amounts received for fees prior to services being performed. Revenue is recognized in the period in which these expenditures are incurred or in which the service is performed. Details of the transactions related to this account are as follows:

(IN THOUSANDS OF DOLLARS)	2016	2015
OPENING BALANCE	**$ 6,520**	**$ 6,760**
Amounts received	6,562	7,378
Revenue recognized	(7,806)	(7,618)
CLOSING BALANCE	**$ 5,276**	**$ 6,520**

6. EMPLOYEE FUTURE BENEFITS

(A) PENSION BENEFITS:

CIHR's employees participate in the public service pension plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with the Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and CIHR contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to the *Economic Action Plan 2012*, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2015-16 expense amounts to $3,836 ($3,994 in 2014-15). For Group 1 members, the expense represents approximately 1.25 times (1.41 times in 2014-15) the employee contributions and, for Group 2 members, approximately 1.24 times (1.39 times in 2014-15) the employee contributions.

CIHR's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(B) SEVERANCE BENEFITS:

CIHR provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, estimated as at the date of these financial statements, is as follows.

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment of CIHR executives and non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in fiscal year 2011-12. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

(IN THOUSANDS OF DOLLARS)		2016		2015
ACCRUED BENEFIT OBLIGATION – BEGINNING OF YEAR	**$**	**1,264**	**$**	**1,530**
Expense for the year		–		26
Benefits paid during the year		(191)		(292)
ACCRUED BENEFIT OBLIGATION – END OF YEAR	**$**	**1,073**	**$**	**1,264**

7. ACCOUNTS RECEIVABLE AND ADVANCES

The following table presents details of CIHR's accounts receivable and advances balances:

(IN THOUSANDS OF DOLLARS)	2016	2015
Receivables – Other government departments and agencies	$ 435	$ 227
Receivables – External parties	226	257
Accountable advances	1	1
	662	485
Allowance for doubtful accounts on receivables from external parties	(40)	(22)
NET ACCOUNTS RECEIVABLE	**$ 622**	**$ 463**

8. TANGIBLE CAPITAL ASSETS

(IN THOUSANDS OF DOLLARS)

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
CAPITAL ASSET CLASS	OPENING BALANCE	ACQUI-SITIONS	DISPOSALS AND WRITEOFFS	CLOSING BALANCE	OPENING BALANCE	AMORTI-ZATION	DISPOSALS AND WRITEOFFS	CLOSING BALANCE	2016	2015
Informatics hardware	$ 1,671	$ 18	$ –	$ 1,689	$ 1,238	$ 184	$ –	$ 1,422	$ 267	$ 433
Informatics software	11,823	–	–	11,823	11,809	7	–	11,816	7	14
Office equipment	430	–	–	430	333	16	–	349	81	97
Vehicles	28	–	–	28	20	4	–	24	4	8
TOTAL	**$ 13,952**	**$ 18**	**$ –**	**$ 13,970**	**$13,400**	**$ 211**	**$ –**	**$ 13,611**	**$ 359**	**$ 552**

Amortization expense for the year ended March 31, 2016 is $211,548 (2015: $218,152).

9. CONTRACTUAL OBLIGATIONS

The nature of CIHR's activities can result in some large multi-year contracts and obligations whereby CIHR will be obligated to make some future payments in order to carry out its grants and awards payment programs or when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(IN THOUSANDS OF DOLLARS)

CONTRACTUAL OBLIGATIONS	2017	2018	2019	2020	2021 AND THEREAFTER	TOTAL
Grants and awards	$ 810,684	$ 611,882	$ 407,164	$ 238,036	$ 171,924	$ 2,239,690
Operating expenditures	2,764	82	10	–	–	2,856
TOTAL	**$ 813,448**	**$ 611,964**	**$ 407,174**	**$ 238,036**	**$ 171,924**	**$ 2,242,546**

10. CONTINGENT LIABILITIES

CIHR may be subject to claims in the normal course of business. In management's view, there are currently no such claims with a material impact on the financial statements and, consequently, no provision has been made.

11. RELATED PARTY TRANSACTIONS

CIHR is related as a result of common ownership to all government departments, agencies and Crown corporations. CIHR enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, CIHR received common services which were obtained without charge from other government departments as disclosed below.

(A) COMMON SERVICES PROVIDED WITHOUT CHARGE BY OTHER GOVERNMENT DEPARTMENTS

During the year, CIHR received services without charge from certain common service organizations, related to accommodation and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in CIHR's Statement of Operations and Departmental Net Financial Position as follows:

(IN THOUSANDS OF DOLLARS)		2016		2015
Accommodation provided by Public Services and Procurement Canada	$	3,522	$	3,477
Employer's contribution to the health and dental insurance plans provided by Treasury Board Secretariat		3,371		3,193
TOTAL	**$**	**6,893**	**$**	**6,670**

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Services and Procurement Canada, are not included in CIHR's Statement of Operations and Departmental Net Financial Position.

(B) ADMINISTRATION OF CIHR FUNDS BY OTHER GOVERNMENT DEPARTMENTS

Other federal departments and agencies administer funds on behalf of CIHR to issue grants, awards and related payments. Other federal departments and agencies administered $112,803,157 in funds for grants and awards in 2015-16 ($96,515,793 in 2014-15), primarily pertaining to the Canada Research Chairs program. These expenses are reflected in CIHR's Statement of Operations and Departmental Net Financial Position.

12. TRANSFER OF THE TRANSITION PAYMENTS FOR IMPLEMENTING SALARY PAYMENTS IN ARREARS

The Government of Canada implemented salary payments in arrears in 2014-15. As a result, a one-time payment was issued to employees and will be recovered from them in the future. The transition to salary payments in arrears forms part of the transformation initiative that replaces the pay system and also streamlines and modernizes the pay processes. This change to the pay system had no impact on the expenses of CIHR. However, it did result in the use of additional spending authorities by CIHR. Prior to year-end, the transition payments for implementing salary payments in arrears were transferred to a central account administered by Public Services and Procurement Canada, which is responsible for the administration of the Government pay system.

13. SEGMENTED INFORMATION

Presentation by segment is based on CIHR's program alignment architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main programs, by major object of expense and by major type of revenue. The segment results for the period are as follows:

	2016				2015
(IN THOUSANDS OF DOLLARS)	INVESTIGATOR-INITIATED HEALTH RESEARCH	PRIORITY-DRIVEN HEALTH RESEARCH	INTERNAL SERVICES	TOTAL	TOTAL
Transfer payments					
Grants and awards	$ 680,006	$ 300,623	$ –	$ 980,629	$ 967,463
Refunds of previous years' grants and awards	(2,891)	(721)	–	(3,612)	(1,897)
Total transfer payments	677,115	299,902	–	977,017	965,566
Operating expenses					
Salaries and employee benefits	22,191	15,727	9,580	47,498	47,239
Professional and special services	2,011	946	1,287	4,244	5,572
Accommodation	1,669	785	1,068	3,522	3,477
Travel	992	466	635	2,093	2,442
Other	1,171	551	750	2,472	1,957
Furniture, equipment and software	130	61	83	274	679
Communication	231	109	148	488	567
Amortization of tangible capital assets	100	47	64	211	218
Total operating expenses	28,495	18,692	13,615	60,802	62,151
Total expenses	705,610	318,594	13,615	1,037,819	1,027,717
Revenues					
Donations for health research	212	7,594	–	7,806	7,618
Total revenues	212	7,594	–	7,806	7,618
NET COST FROM CONTINUING OPERATIONS	**$ 705,398**	**$ 311,000**	**$ 13,615**	**$ 1,030,013**	**$ 1,020,099**

14. COMPARATIVE INFORMATION

Comparative figures have been reclassified to conform to the current year presentation.